



FY04 Air Force Budget

Launching the 2nd Century of Air & Space Power

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Air Force Director of Budget



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1903-1913:
Dawn of Powered Flight

1913-1939:
Early Years of Airpower

1939-1945:
World War II

1946-1963:
Dawn of Space Age

1964-1973:
Vietnam

1990-1991:
Desert Storm

1999:
Air War Over Serbia

**Air & Space
Exponential
Change**

1900 1920 1940 1960 1980 2000



Example of Exponential Change in Technology



World War II

1,500 B-17s
One target – 9000 bombs
250 lbs
3,300 ft accuracy



Vietnam

30 F-4s
One target – 176 bombs
500 lbs
400 ft accuracy



Desert Storm

1 F-117 (clear night)
2 targets – 2 bombs
1000 lbs
10 ft accuracy





Example of Exponential Change in Technology

Today

1 B-2 (adverse weather)
16 targets – 16 bombs
19 ft accuracy



Future

2 F/A-22 (24/7 persistence)
16 targets – 16 bombs
15 ft accuracy (greater effects)



Exponential Increases in Air & Space Technology Makes Possible ...



Exponential Improvement in the Effect



WWII

**CHARKHI MOTOR VEHICLE AND ORDNANCE REPAIR FACILITY,
AFGHANISTAN
POST STRIKE**



Today

***Exponential Changes in Technology = Exponential Changes in How We
Think About, Employ, and Integrate Air and Space Systems***



Airpower Doctrine & Tactics Have Changed as Much as Technology

Global Power



Global Reach



Global Vigilance



10 AEF's

Air & Space Expeditionary Task Force Concept of Operations (CONOPS)

Global Strike Capabilities CONOPS

Homeland Security Capabilities CONOPS

Global Mobility Capabilities CONOPS

Global Response Capabilities CONOPS

Nuclear Response Capabilities CONOPS

Space/C4ISR Capabilities CONOPS

And We Have Applied These Exponential Changes in the Global War on Terrorism



Linking Technology, Doctrine, & Tactics

Enabled Integrated Operations in Afghanistan



Exponential Increase in Integrated Operations Makes Possible ...



Today's Air Force Vision of Global Vigilance, Reach, and Power



Why Do We Need to Do This?



Because We Have a New Strategic Environment



America's Adversaries Have Demonstrated their Willingness to Challenge Us at Home and Abroad – Make No Mistake The Threat is Real!



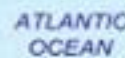
To Meet These Threats We Increased Our Air Expeditionary Presence Overseas



**Today, Deployments Have Increased 250% --
110,000 People Deployed or Permanently Assigned Overseas**

Total	14
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CANADA



Prior to 9/11, our nation's Air Defense Had an External Focus

Aircraft on Alert (18 sites)

Pre-9/11 Post-9/11

Fighters 14 35

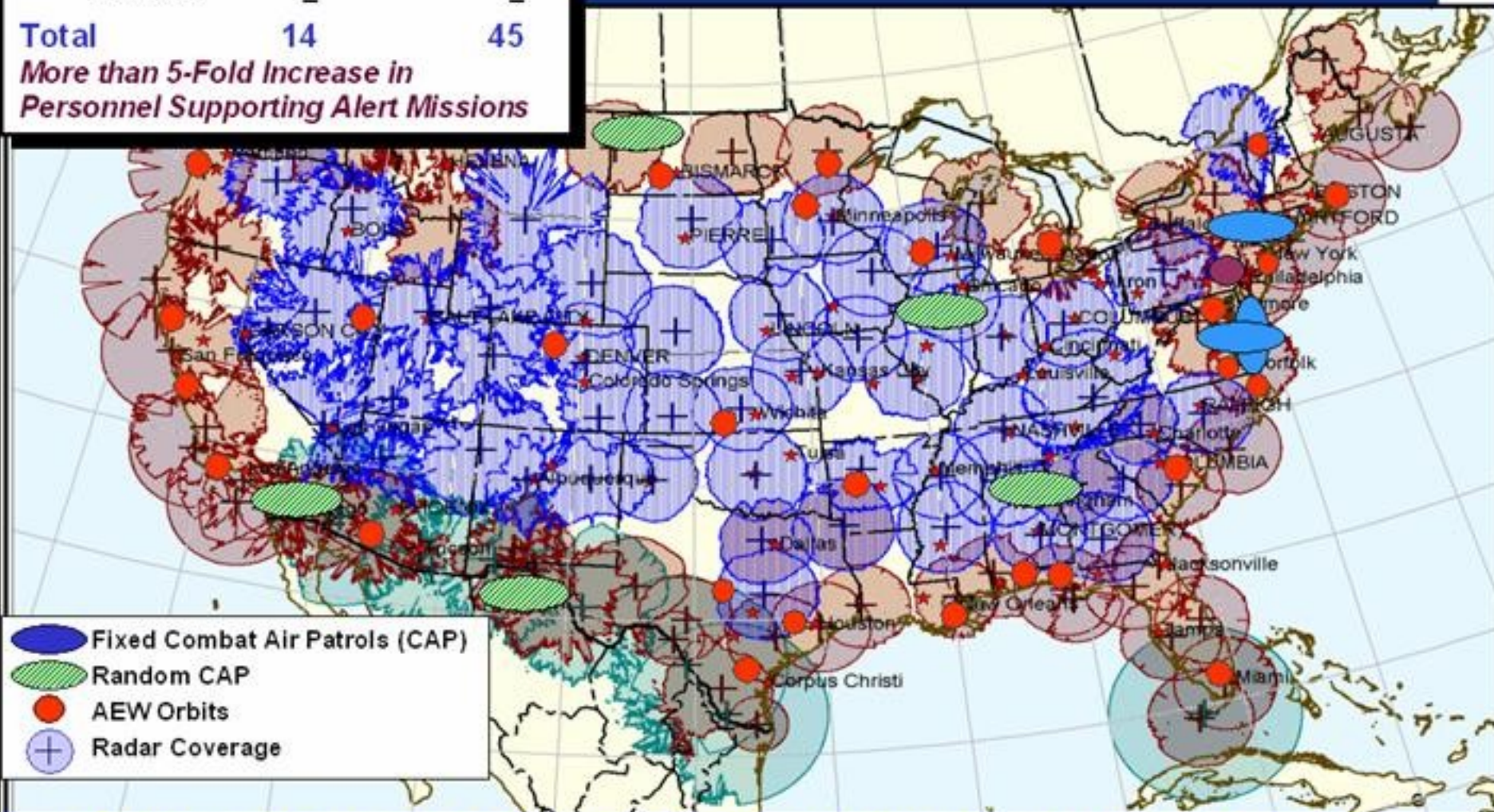
Tankers 0 8

AWACS 0 2

Total 14 45

*More than 5-Fold Increase in
Personnel Supporting Alert Missions*

... And at Home Post-9/11 Homeland Defense



All These Dynamics Have Focused Our Priorities Into the Three Core Competencies for the 2nd Century of Air & Space Power



Air & Space Core Competencies



I. Developing Airmen -- the Heart of Combat Capability

- Ensure education, and professional



II. Technology to Warfighting -- The tools of Combat Capability

- Committed to innovation and R&D



III. Integrating Operations -- Maximizing Combat Capability

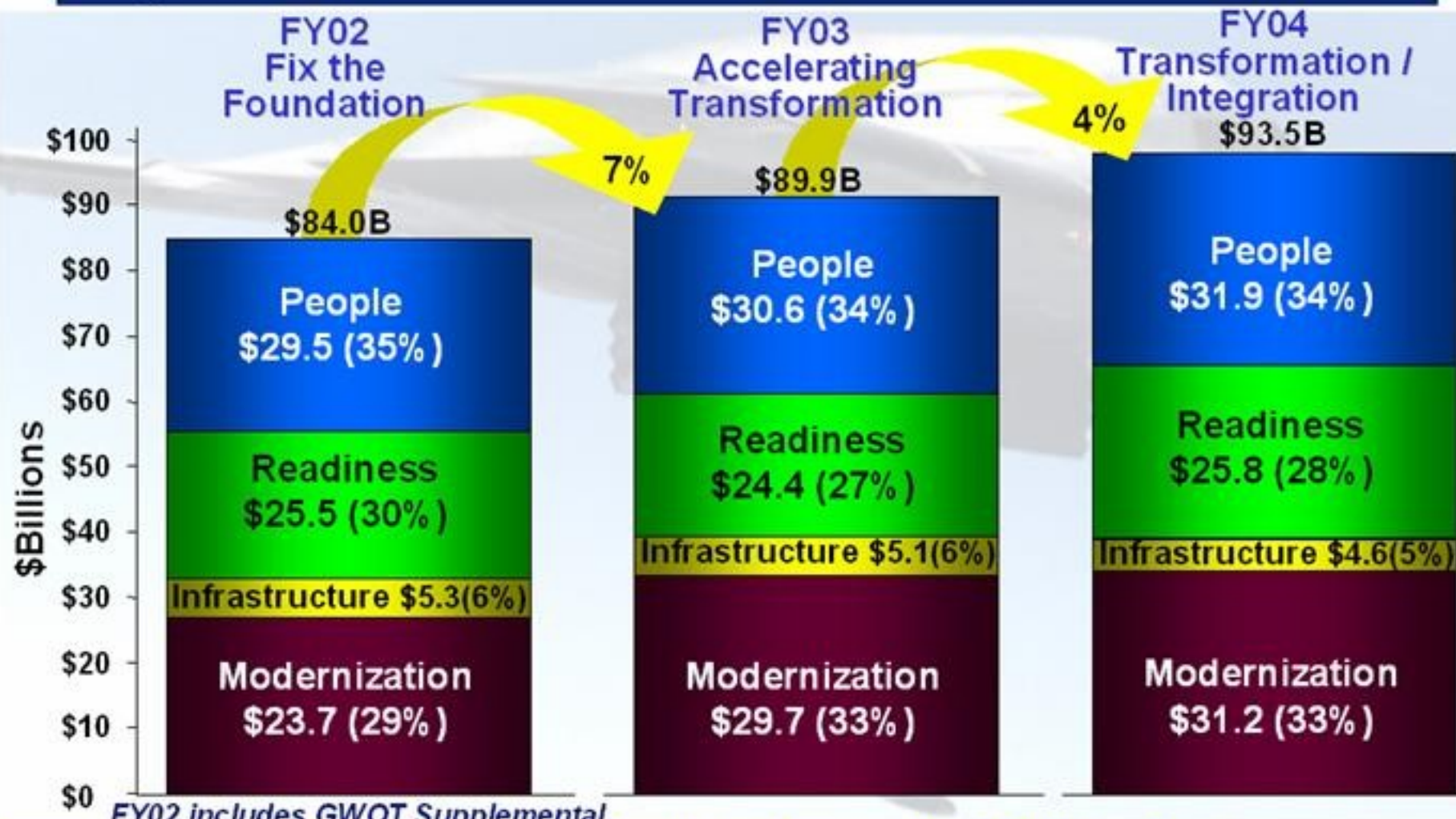
- Efficient integration of systems to maximize support to the joint warfighter
- Our ability to envision, experiment and execute the union of a myriad of platforms to a greater whole is the key to maximizing our capabilities

Our FY04 Budget Supports These Core Competencies By Investing In Our People, Readiness, Infrastructure, and Modernization / Transformation



Air Force Budget

FY02 - FY04 Comparison



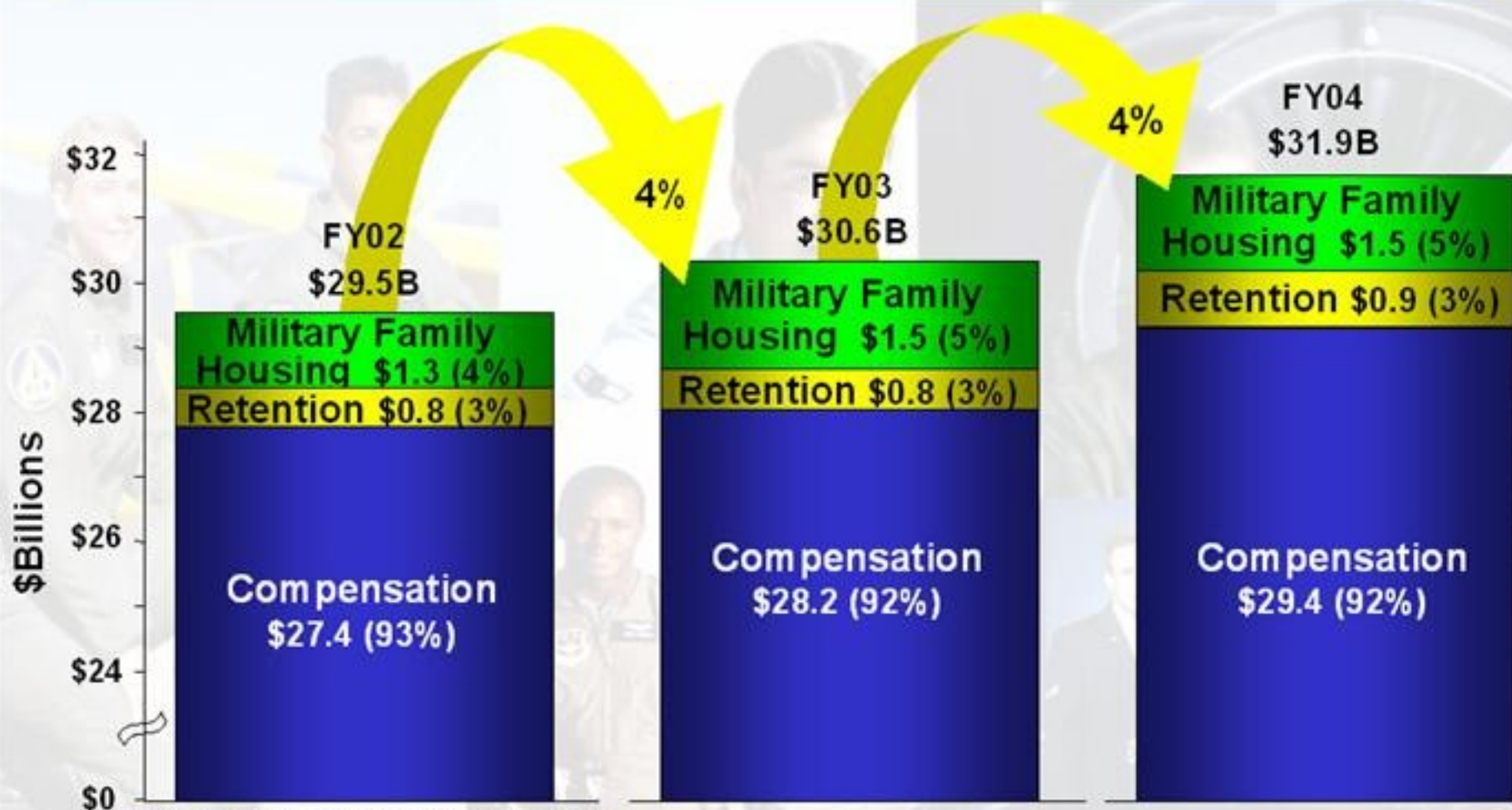
FY02 includes GWOT Supplemental

**FY04 Accelerates Transformation / Integration
While Maintaining Gains in Readiness and People Programs**



People

FY02 - FY04 Comparison



FY02 includes GWOT Supplemental

Continues to Support Our Number 1 Resource -- People -- With Increases in Pay and Housing Allowance

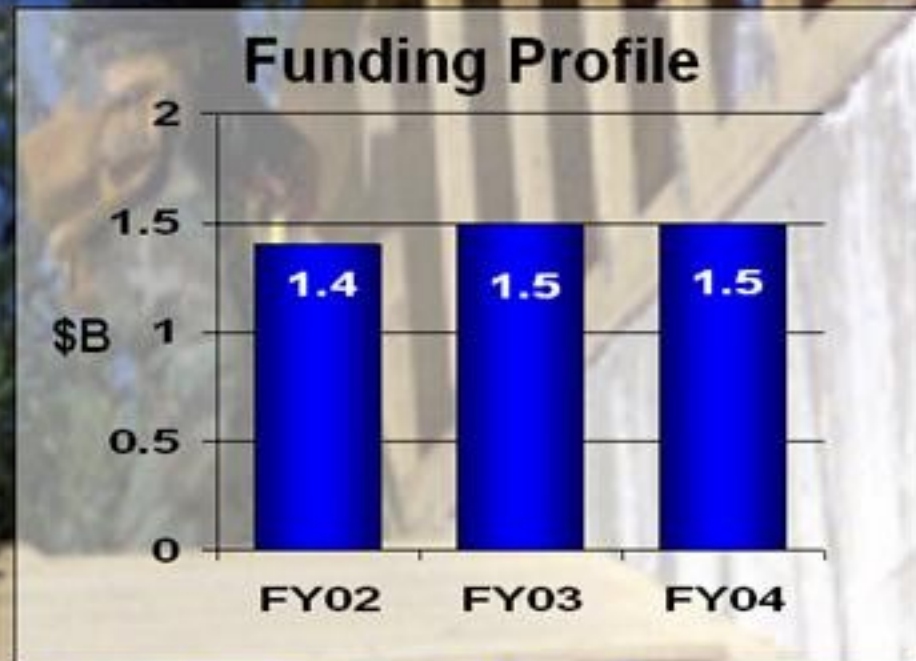
Military Family Housing (MFH)

Background

- *MFH consists of 104,000 units*
- *Funds construction, replacement, improvement, privatization, operations, maintenance, utilities, and leasing of family housing units*

FY04 Funding

- *Replaces 2,081 units*
- *Renovates 1,524 units*
- *Provides for 7 new projects that privatize and upgrade 6,950 units*
- *AF will eliminate inadequate housing units in CONUS by 2007 and overseas by 2009*



\$1.5B Puts Us On Track to Eliminate Inadequate Housing

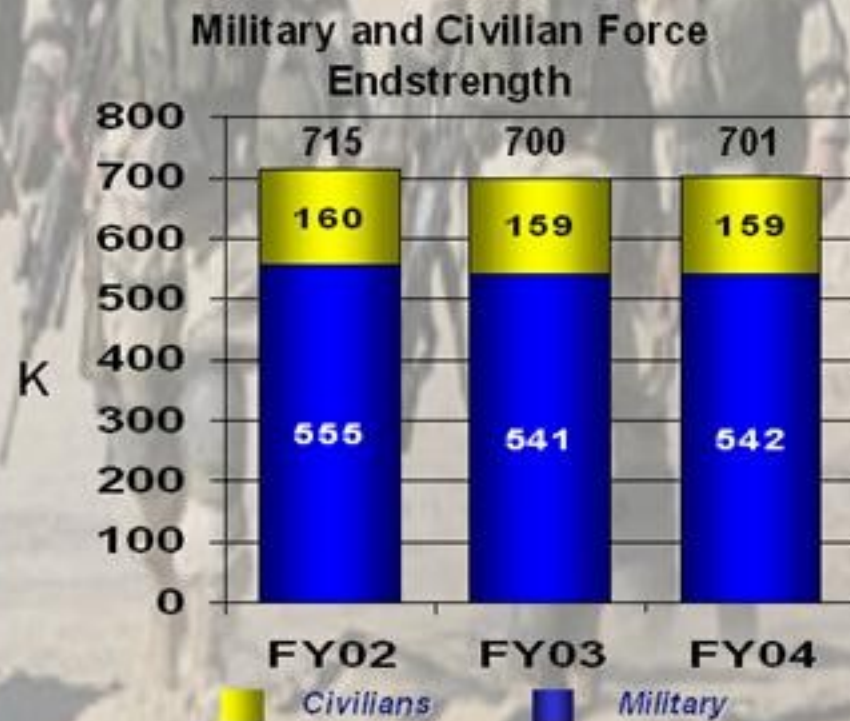
Total Force Endstrength & Force Management

Background

- Total force of 701,146
- Military Total of 542,100 (+900)
 - Active: 359,300 (+300)
 - Guard: 107,000 (+400)
 - Reserve: 75,800 (+200)
- Civilian total of 159,046 (+249)

FY04 Endstrength

- Maintained our endstrength at the FY03 levels
- Funding fully supports authorized endstrength



*FY02 Includes Stoploss

Endstrengths Maintained at the FY03 Level

Developing Airmen AF Institute of Technology (AFIT)

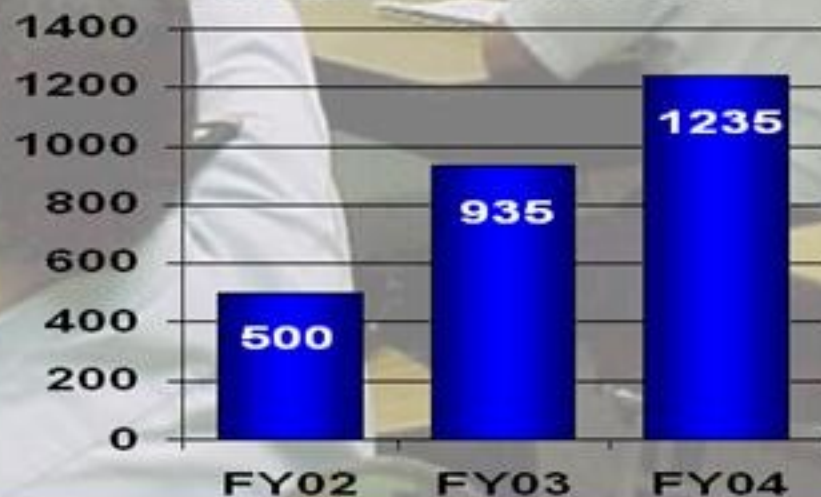
Background

- *Increases graduate education from 500 to 2500 by FY09*
- *Cultivates creative problem solving skills through education and training, on our time, not theirs*

FY04 Enrollment

- *In FY04, AF increases on-duty graduate education opportunities from 500 to 1,235*
- *Formed partnership with Navy for officer post-graduate studies*
- *Launched a new software development training center*
- *1st time -- enlisted personnel to AFIT*

Number of Students



Investing in a Very Technological Air Force

Compensation Civilian Pay Raise

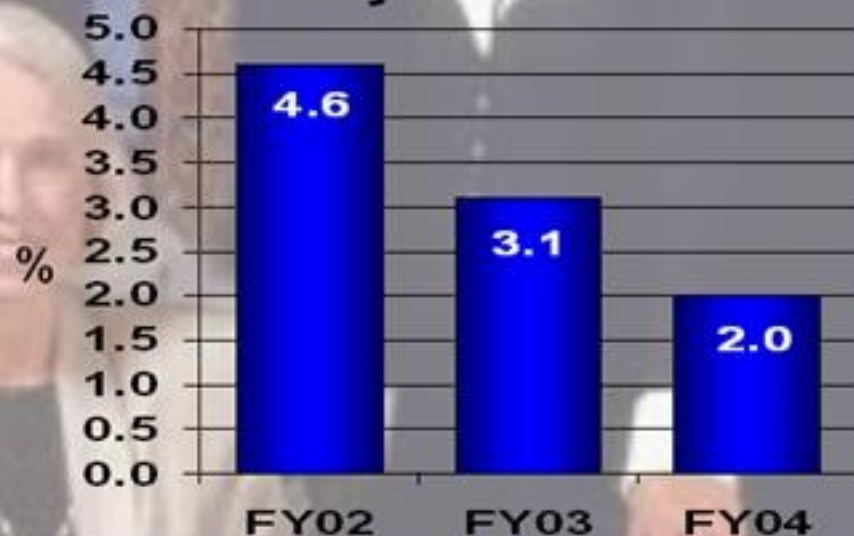
Background

- Rate is based on Consumer Price Index for Wages (CPIW) as a economic measure for salary comparability

FY04 Funding

- Fully funds 2.0% pay raise

Pay Raise



Fully funds a 2.0 Percent Pay Raise for Federal Civilians

Compensation Military Pay Raise

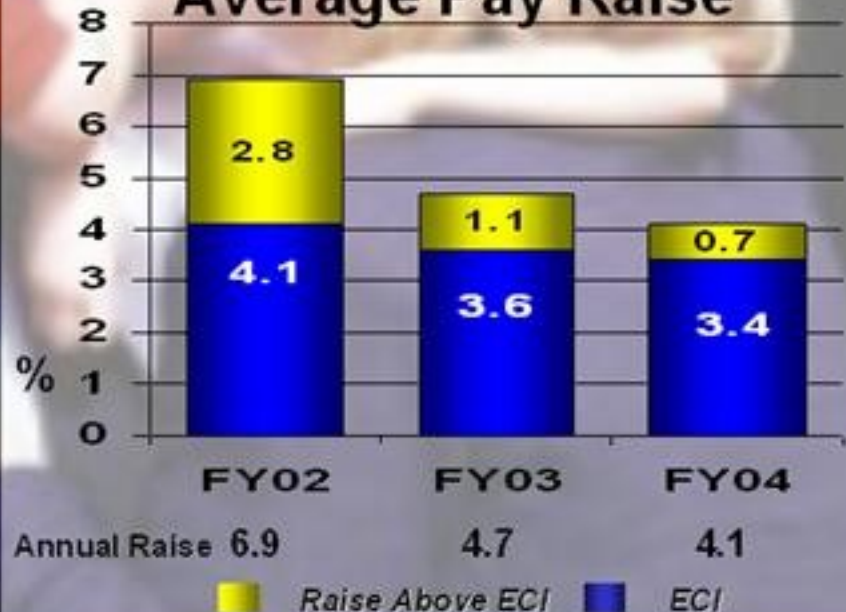
Background

- Still continues toward our goal of bringing military compensation closer to private sector
- Third year in a row military compensation raise exceeds Economic Consumer Index (ECI)

FY04 Funding

- Fully funds an average 4.1% targeted pay raise

Average Pay Raise



AF is a Retention-Based! It takes 17 years to replace a 17 year MSgt

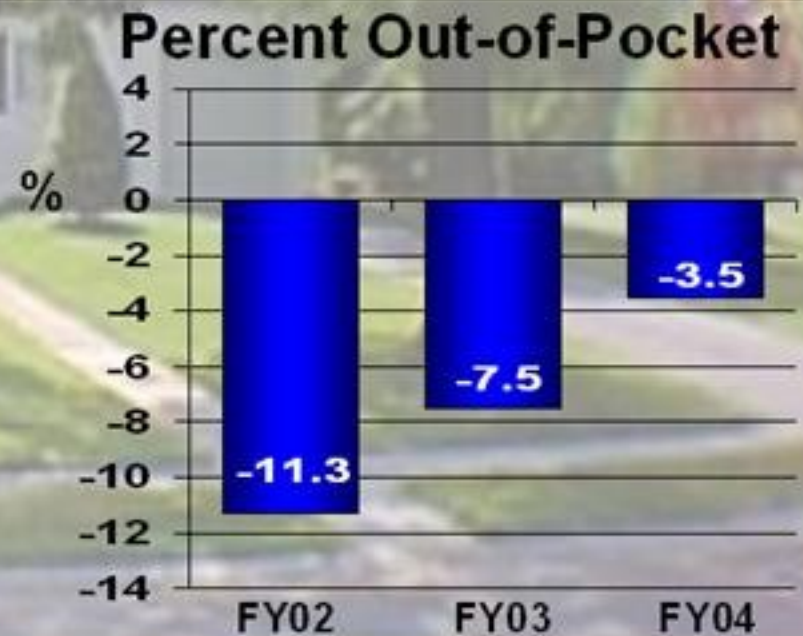
Compensation Basic Allowance for Housing (BAH)

Background

- SECDEF initiative to reduce out-of-pocket housing expenses to zero by 2005.

FY04 Funding

- Reduces out-of-pocket expenses to 3.5% -- on target for FY05

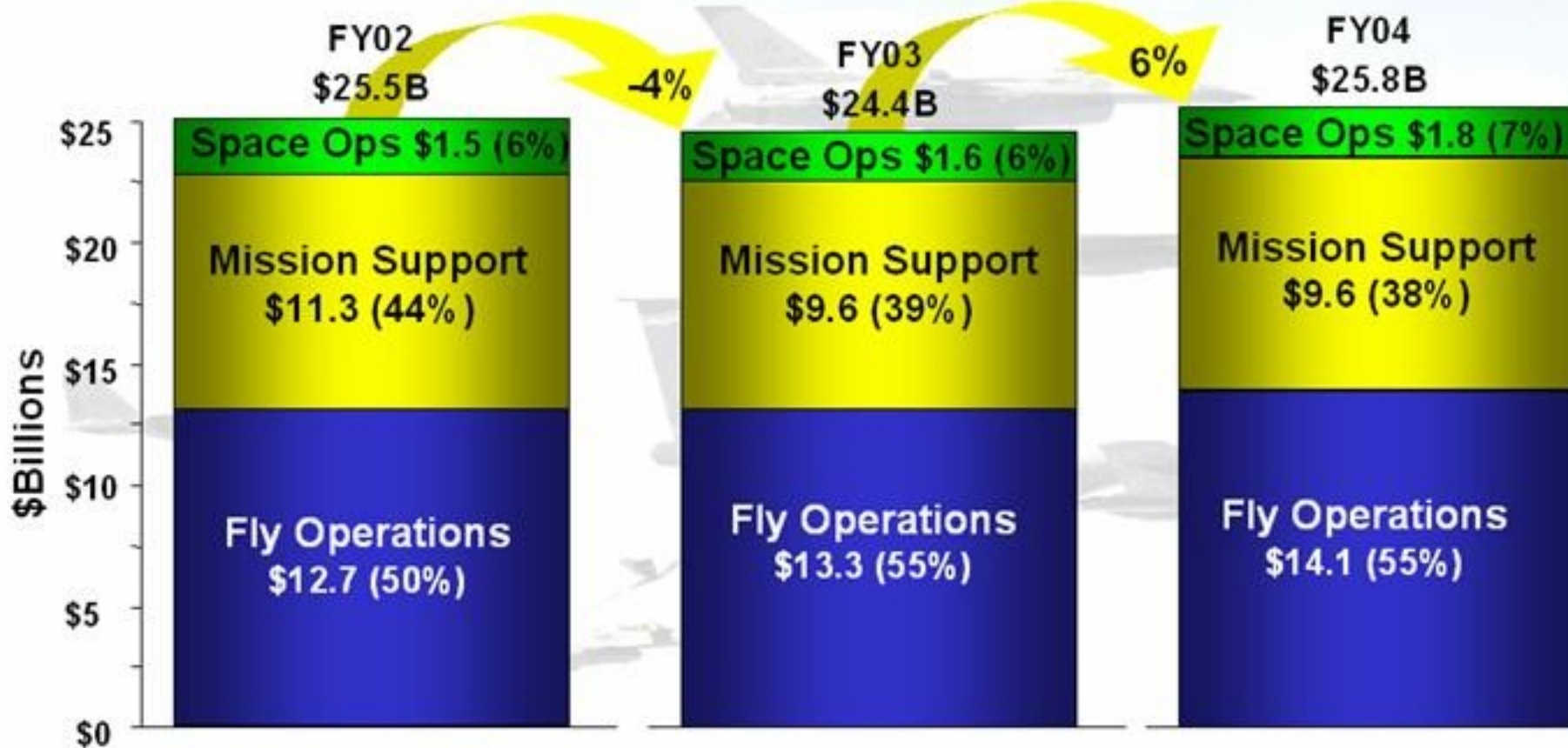


Recruiting Airmen & Retaining Families



Readiness

FY02 - FY04 Comparison



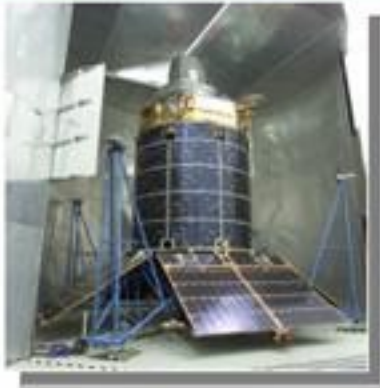
FY02 includes GWOT Supplemental

**Sustains Gains in Readiness --
Pays for Cost Growth for Aging Weapon Systems**



Space Operations

Old Systems = New Problems



Degrading On-Orbit Capabilities



Obsolete Range Circuitry



Damaged Facilities



Deteriorating Minuteman Propulsion & Guidance



Inadequate Bandwidth



Failing Minuteman Display Units

Aging Space Systems are Driving Higher Operations and Repair Costs



Flying Operations

Old Systems = New Problems



KC-135 Skin Replacement



Engine Overhaul



EC-135 Landing Gear Failure



KC-135E Engine Strut Corrosion



F-15 Vertical Stabilizer Failure



C-130E Wing Spar Corrosion

Aging Aircraft Problems are Driving Higher Operations and Repair Costs

Flying Readiness

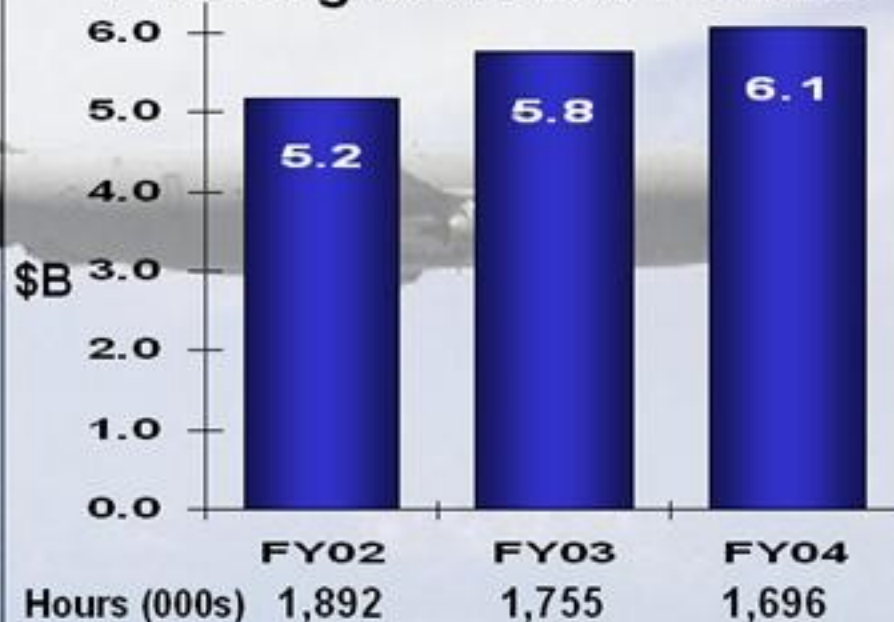
Background

- Funds consumables, reparable spare parts and jet fuel*

FY04 Funding

- Increased funding by \$260M to maintain flying skills/aircrew proficiency training and to support Joint Forces Combatant Commanders*
- Cost per hour continues to increase due to aging aircraft*

Funding and Hour Profile

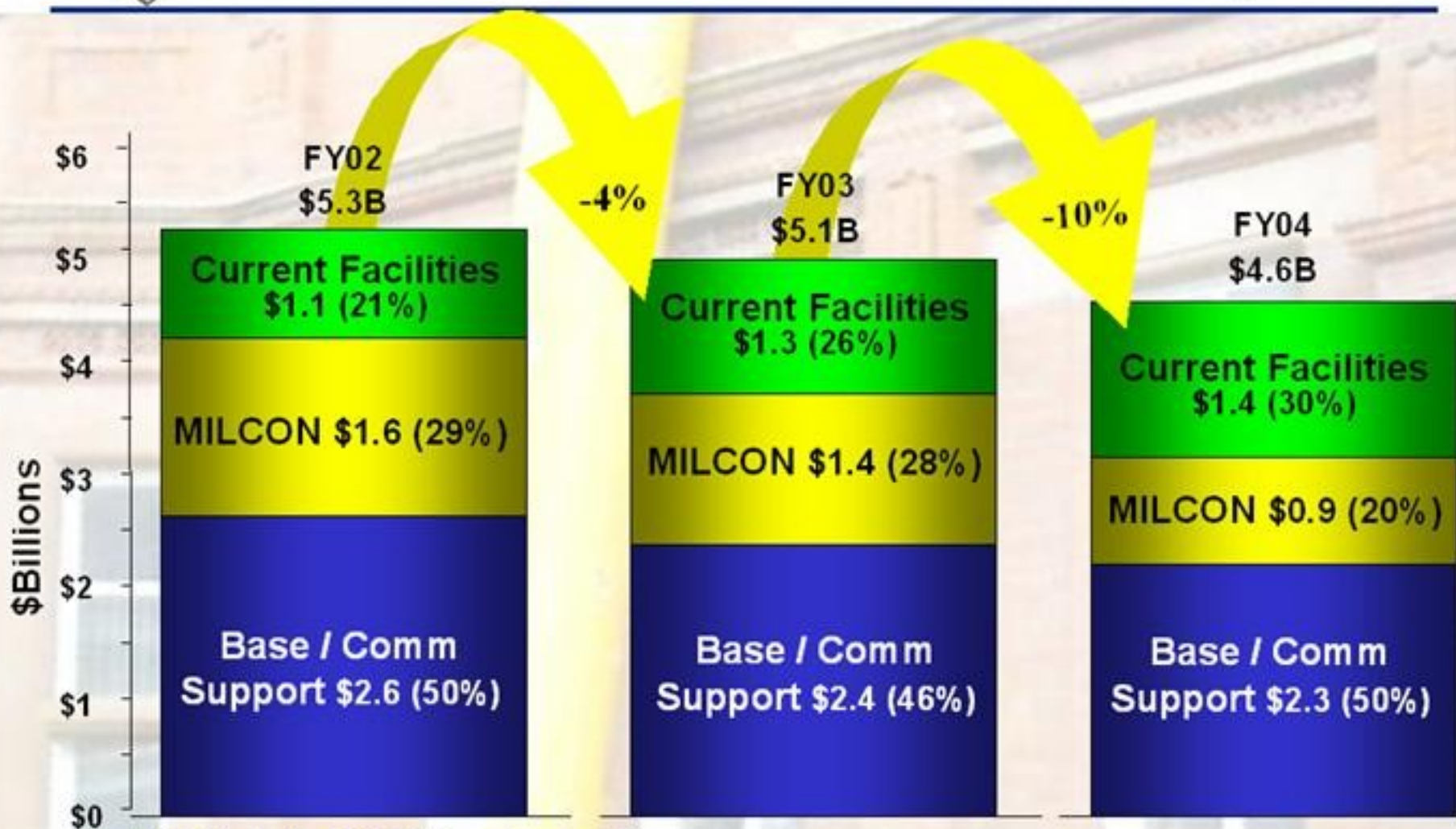


Air Force Flying Hour Program – Cornerstone of Readiness – Includes 1.7 Million Hours Required to Maintain Readiness



Infrastructure

FY02 - FY04 Comparison



FY02 includes GWOT Supplemental

The FY04 Budget Maintains Infrastructure at the FY03 Requested Level



Infrastructure

Old Systems = Worsening Problems



**Constricted / Corroded
Waterlines**



Failing Water Mains



**Deteriorated Airfield
Pavements**



**Deteriorated Electrical
Systems**



**Failing Roofs / Building
Systems**



**1960s / 1970s Communications
Technology**

Aging Infrastructure is Driving Higher Operations and Repair Costs

Current Facilities

Facility Sustainment, Restoration, and Modernization (FSRM)

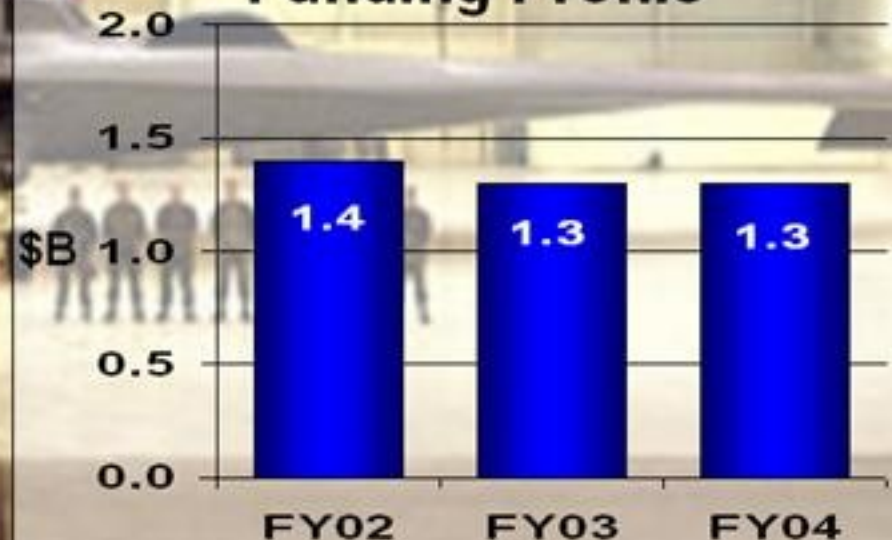
Background

- *FSRM funds day-to-day facility improvements and demolition*

FY04 Funding

- *FY04 Facility Sustainment Model (FSM) funded at 94% vs. DoD goal of 93%*

Funding Profile



AF Targets \$1.3B to Fixing Facilities and Improve Readiness

Military Construction (MILCON)

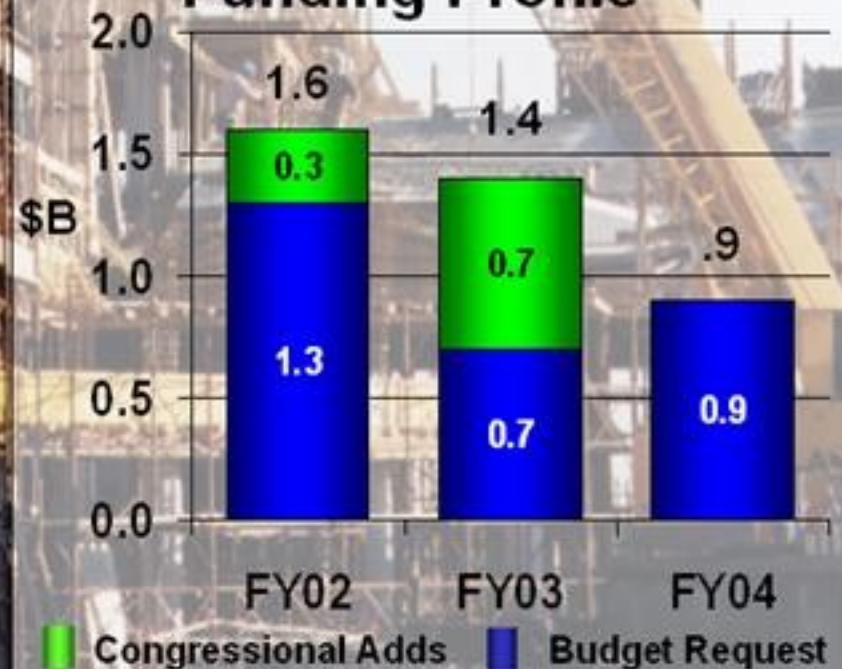
Background

- *Balances critical new mission beddowns, force structure changes, and quality of life projects*

FY04 Funding

- *\$148M more than FY03 PB*
- *36% New Mission – 45 projects*
- *26% Current Mission – 26 projects*
- *23% Quality of Life (12 dorms, 4 fitness centers, 1 child development center, 1 family support center)*
- *15% for design, minor construction and environmental projects*

Funding Profile

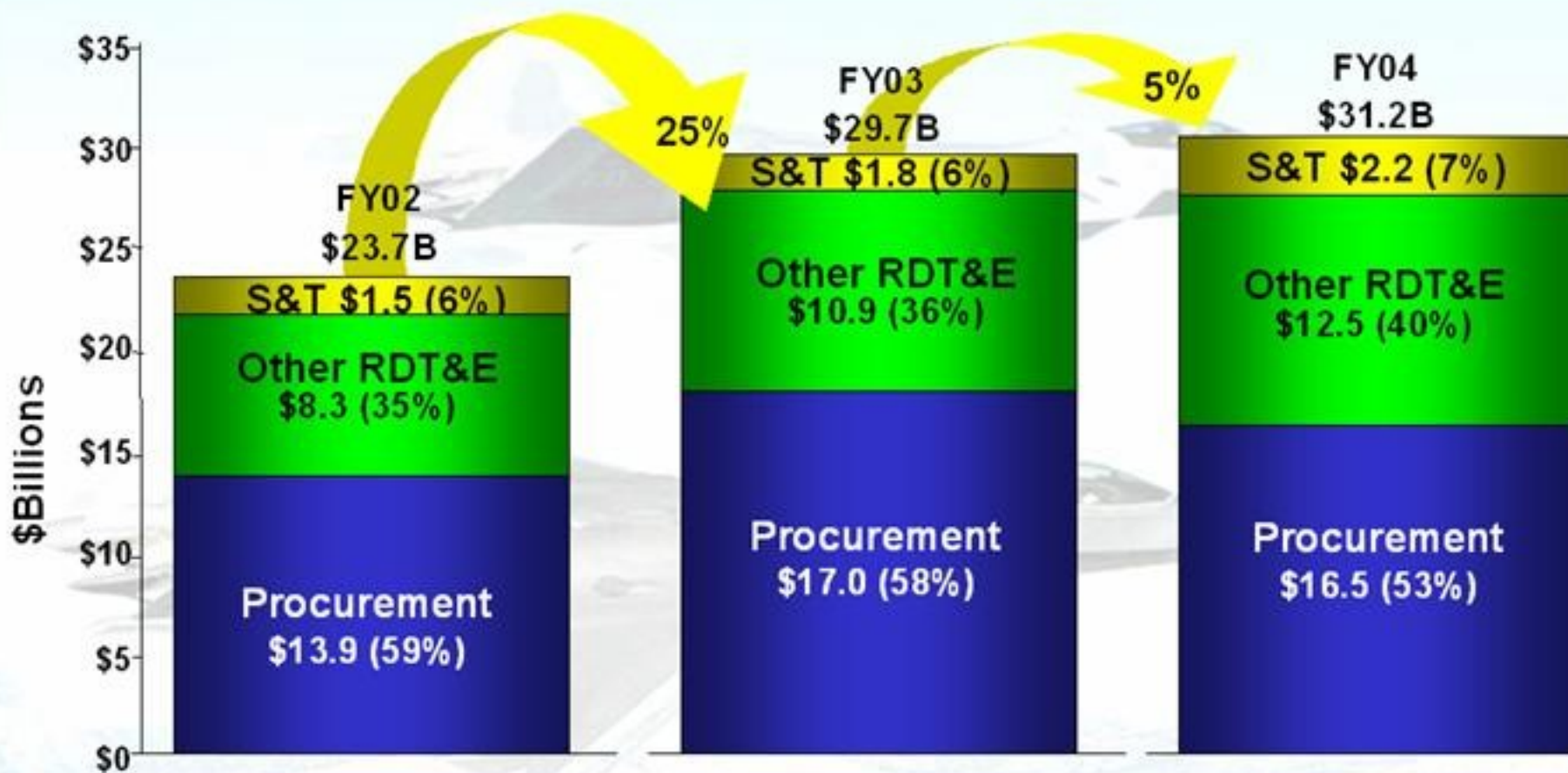


On Target to Reduce Our Recap Rate to 67 Years by FY07



Modernization / Transformation

FY02 - FY04 Comparison



FY02 includes GWOT Supplemental

**FY04 Continues Transformation and Integration
By Accelerating New Programs**

F/A-22 Raptor

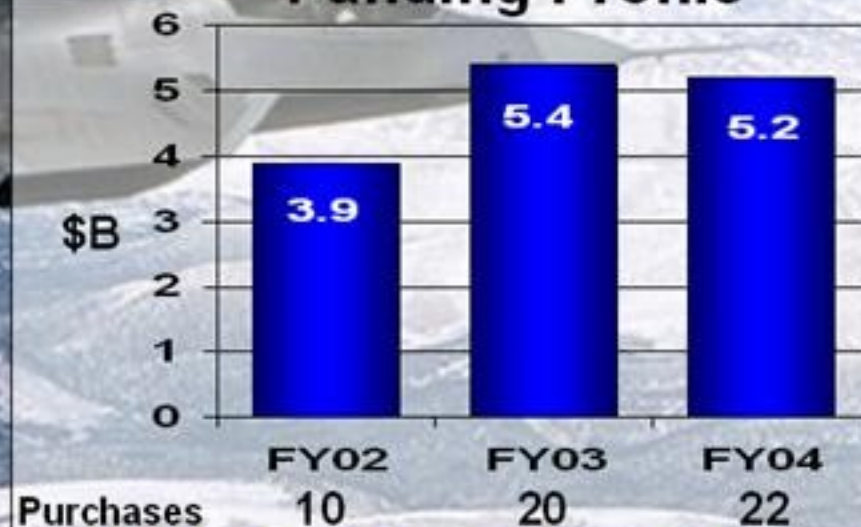
Background

- 21st century air dominance fighter
- Allows joint and coalition forces to operate with impunity 24/7
- Only aircraft capable of countering anti-access threats on day 1 (including advanced SAMs, cruise missile defense)

FY04 Funding

- Purchases 22 aircraft
- Continues development and test of this transformational aircraft
 - \$371M increase for Engineering & Manufacturing Development funded from within program

Funding Profile



“Buy-to-Budget” Strategy Allows AF to Maximize Aircraft Buy

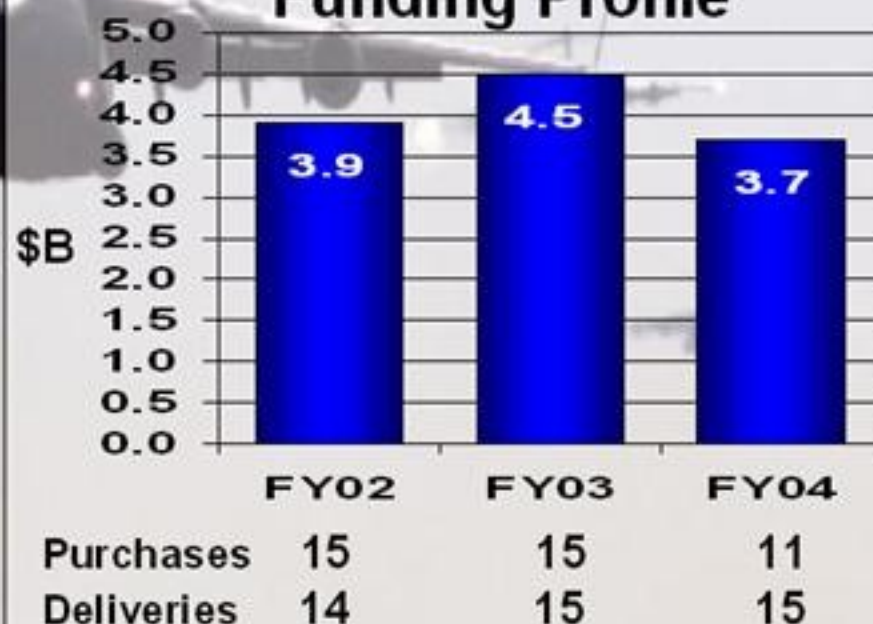
Background

- *Wide-body aircraft capable of airlifting outsized and oversized payloads over intercontinental ranges with or without in-flight refueling*
- *Provides rapid direct delivery of forces by airland or airdrop into austere tactical environments*

FY04 Funding

- *FY03 appropriation enabled the AF to fund 11 aircraft in FY04 and maintain the planned economic production rate of 15 per year*

Funding Profile



Multi-Year Procurement Strategy Maximizes Economic Production

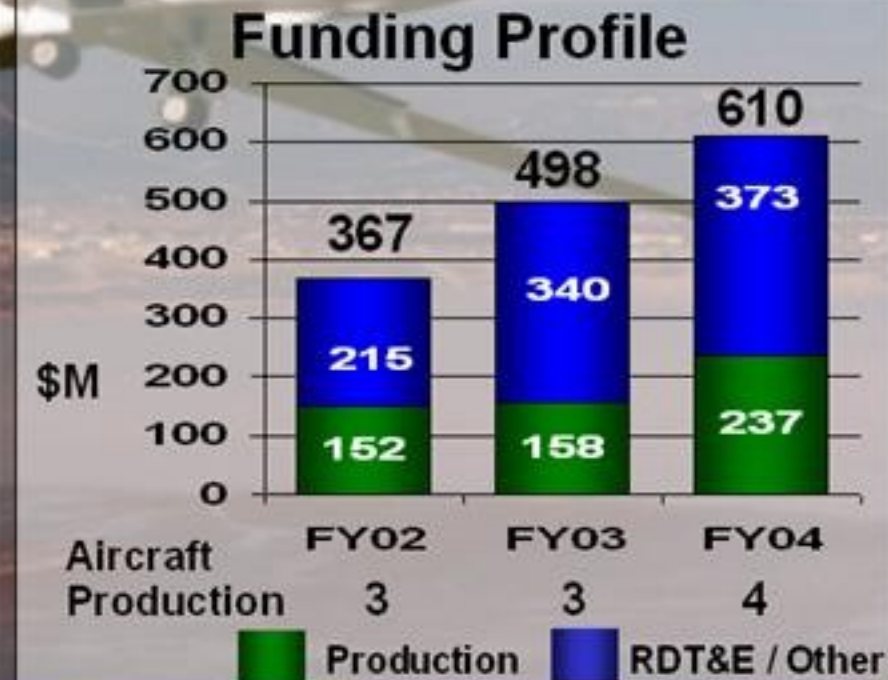
Global Hawk

Background

- *Unmanned, high altitude, long range aircraft for reconnaissance and persistent theater surveillance*
- *Improves situational awareness and time critical targeting capability*
- *Designed to provide up to 40,000 sq. nmi. of imagery per mission*

FY04 Funding

- *Continue spiral development and systems engineering to include new sensor capabilities and improved communication system capabilities*
- *Initial Operational Capability of FY06*



Key Transformation Program Providing Persistent Theater Surveillance

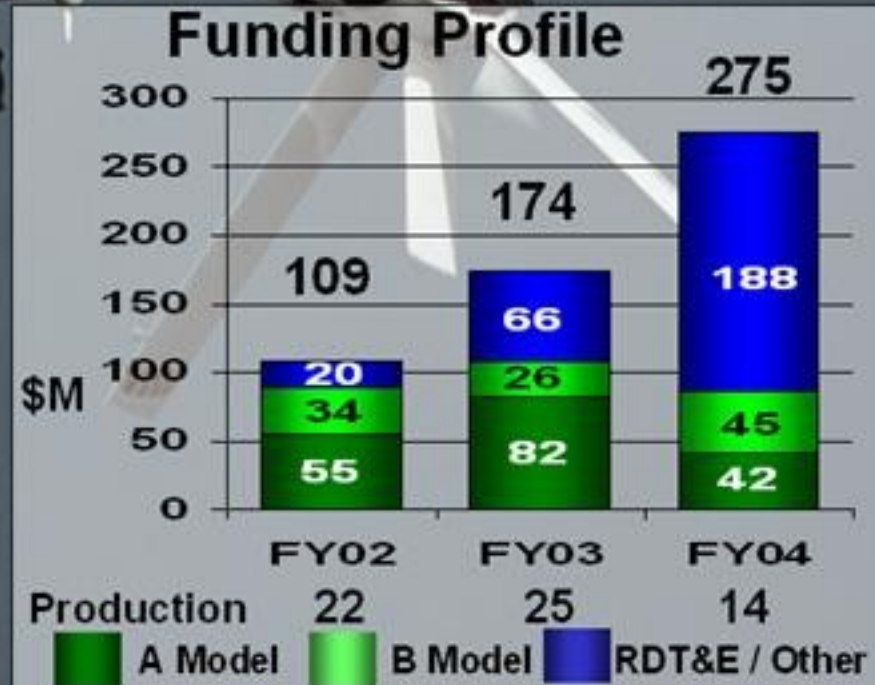
Predator

Background

- *Unmanned, medium-high altitude, long-dwell reconnaissance and engagement of time critical targets*
- *Equipped with multiple sensors capable of transmitting near real-time imagery*
- *Weaponization incorporates a laser designator and Hellfire missile capability*

FY04 Funding

- *Procures 10 Predator As and 4 Predator Bs*
- *Adds \$23M for procurement of 280 Hellfire missiles*
- *Continue spiral upgrade for Predator B*
- *Lay ground work for three additional Predator squadrons*



Hunter-killer, Reconnaissance, Surveillance, and Target Acquisition Asset

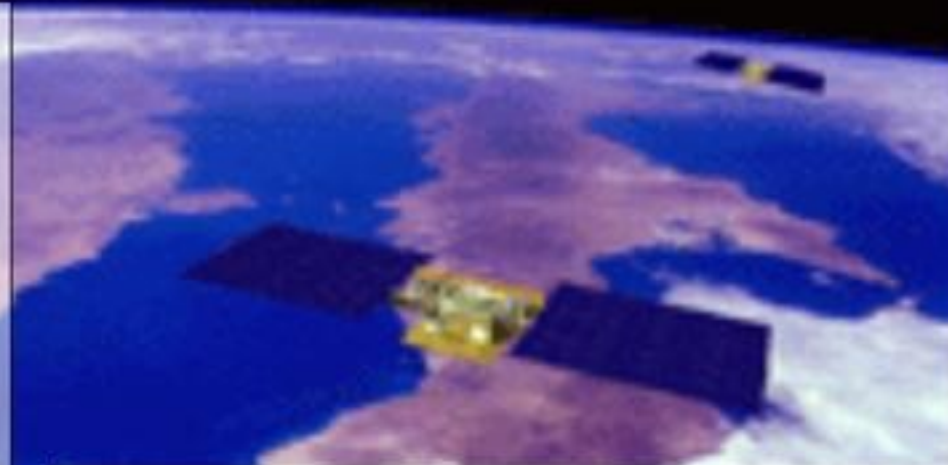
Space Based Radar (SBR)

Background

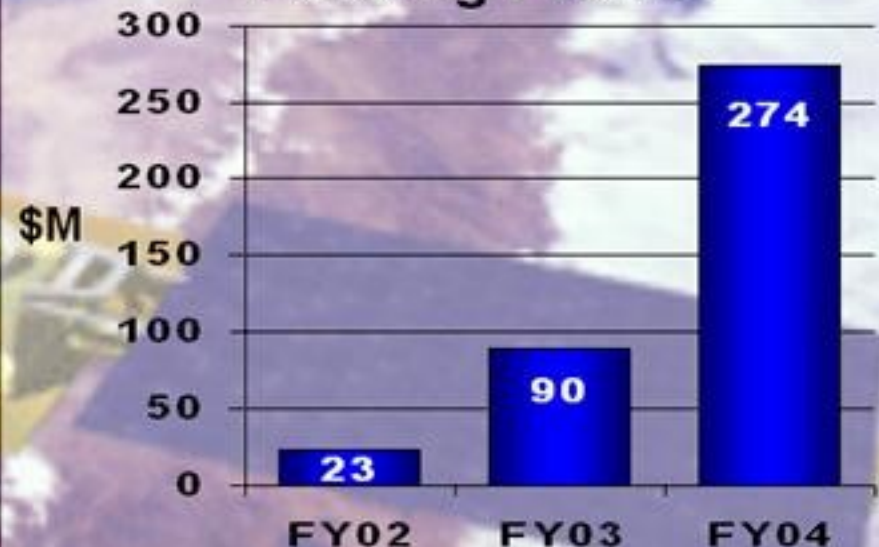
- *Global 24/7 all-weather coverage*
- *Tracks Ground moving targets*
- *Synthetic Aperture Radar imaging*
- *High resolution terrain data*

FY04 Funding

- *Continues risk reduction activities*
- *Completes Concept Definition including system engineering; system architecture; radar development analysis; and software architecture activities*
- *First launch in 2012*



Funding Profile



Day and Night, All Weather Detection and Tracking of Worldwide Targets

Transformational Communications

Background

- Provides warfighter wideband, protected, and strategic communication
- TC provides 10x capacity and 100x connectivity
- Laser comm will increase throughput

FY04 Funding

- Supports continued studies, technology maturation, and system definition
- Supports five satellite constellation
- First launch in 2009

Funding Profile



Removes Communication as a constraint to the Warfighter

Evolved Expendable Launch Vehicle (EELV)

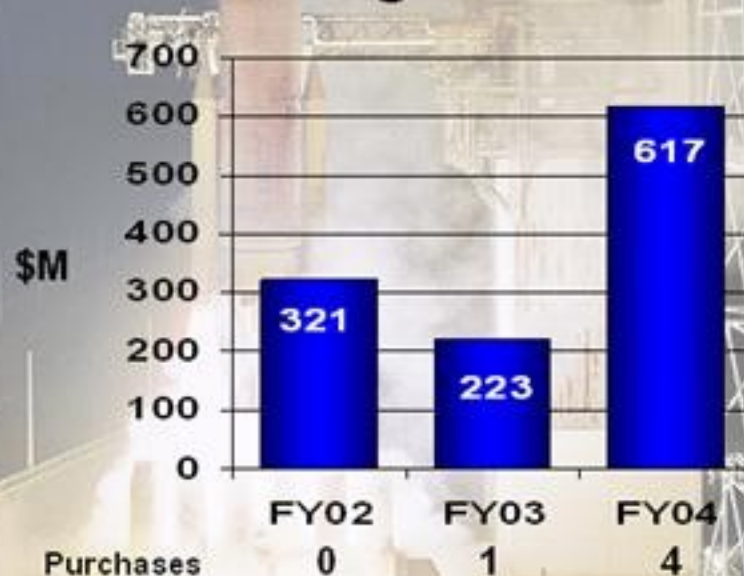
Background

- Replaces legacy launch vehicles with two launch service providers (Boeing-Delta IV and Lockheed Martin-Atlas V)
- Includes standardized launch pads and payload interfaces

FY04 Funding

- Funds four launch services
- Provides capability to maintain assured access to space
- Supports Delta IV Heavy Lift Vehicle launch planned for FY04

Funding Profile

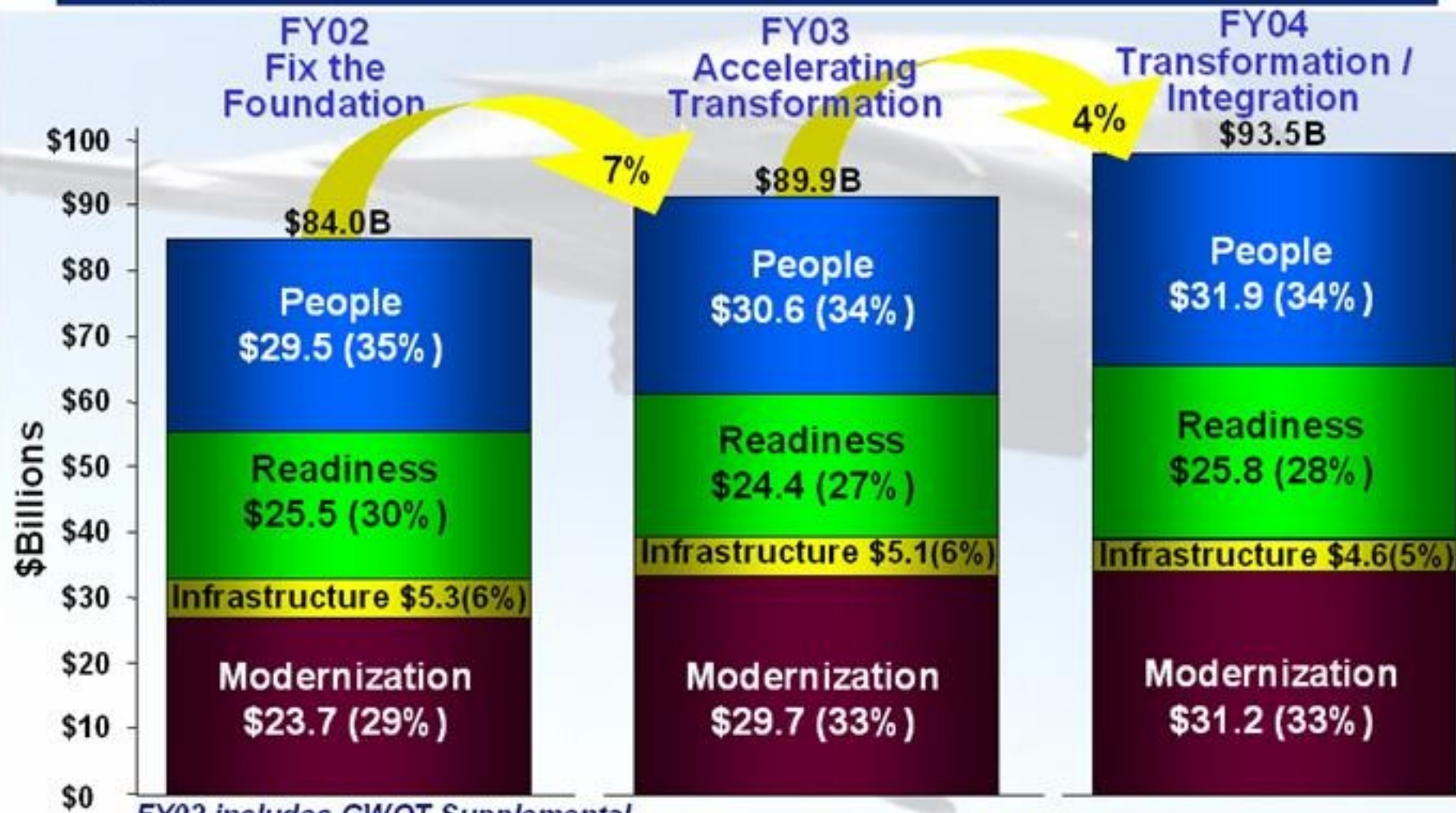


Next Generation Space Superiority Launch System



Air Force Budget

FY02 - FY04 Comparison



FY02 includes GWOT Supplemental

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While Maintaining Gains in Readiness and People Programs**

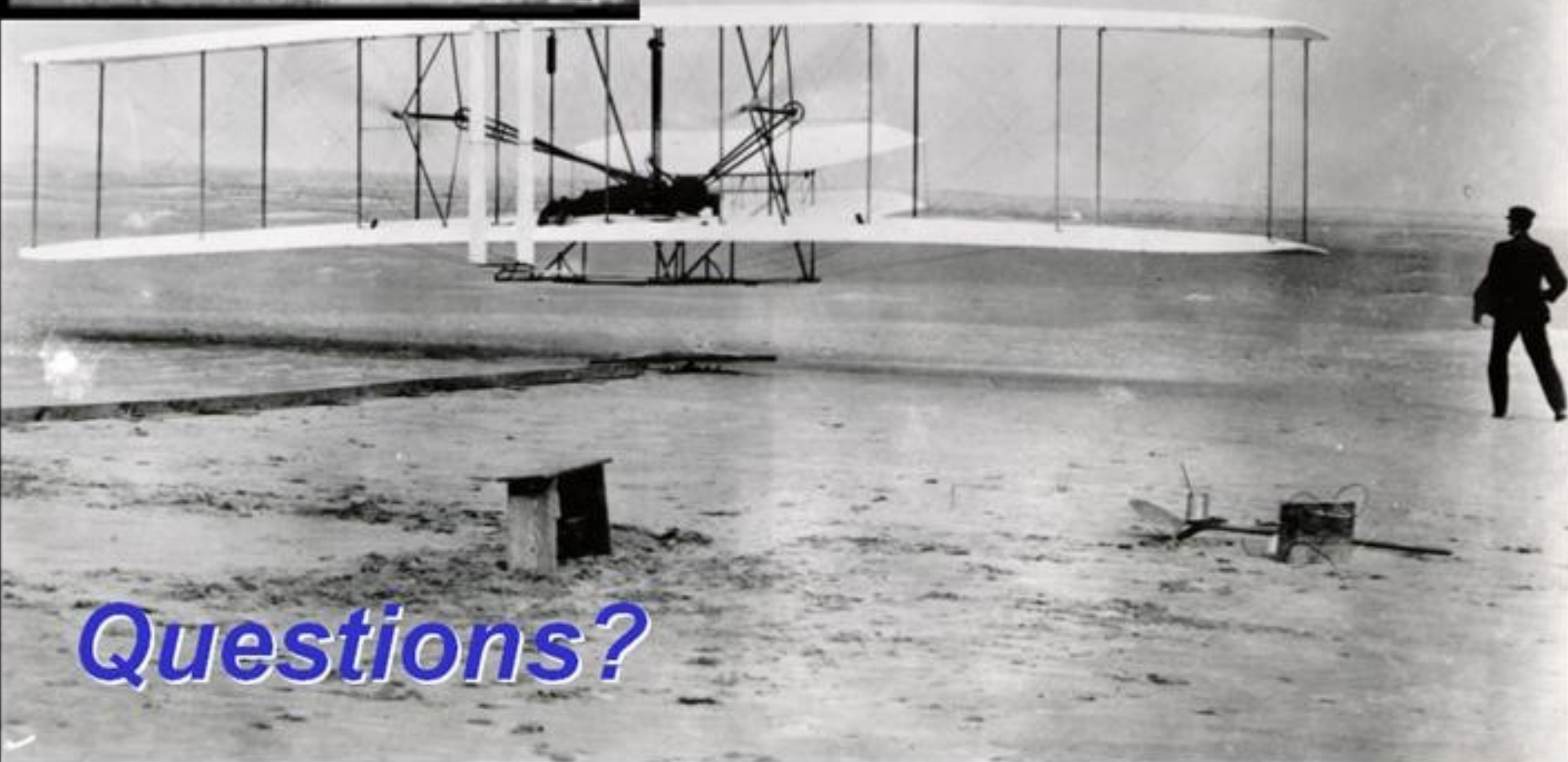
The FY04 Budget Summary

Transforms our AF to meet the new strategic environment by:

- **Developing our Airmen,**
 - **Accelerating delivery of technology to the warfighter, and**
 - **Integrating diverse capabilities into seamless operations**

So your United States Air Force remains the world's greatest air & space force through the 2nd century of powered flight

100 Years of Air & Space Power



Questions?



U.S. AIR FORCE

Integrity - Service - Excellence